



MANAGER'S BUDGET ADDENDUM #10

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Jeffrey L. Clet
Robert L. Davis
Katy Allen
Larry D. Lisenbee

SUBJECT: SEE BELOW

DATE: May 17, 2005

Approved /s/

Date 05/18/05

**SUBJECT: REVISIONS TO THE PUBLIC SAFETY CAPITAL PROGRAM IN THE
2005-2006 PROPOSED CAPITAL BUDGET AND 2006-2010 CAPITAL
IMPROVEMENT PROGRAM**

EXECUTIVE SUMMARY

Consistent with the Mayor's March 2005 Budget Message, modifications to the Proposed Public Safety 2005-2006 Capital Budget and 2006-2010 Capital Improvement Program (CIP) for the 9-1-1 Communications Dispatch Center, South San José Police Substation, Fire Stations, and Fire Training Center capital projects funded by Measure "O" – "The San José 9-1-1, Fire, Police, Paramedic, and Neighborhood Security Act" (i.e. Bond) are being brought forward as a Manager's Budget Addendum. The proposed changes to the scope and funding levels for these projects will enhance the functionality, safety, and life expectancy of these facilities and ensure these facilities support operational requirements, comply with essential facilities standards for new fire station construction, and are consistent with recommended program guidelines. The major anticipated benefits include:

- Minimize operating and maintenance costs in the short-term by temporarily redeploying existing resources and deferring two projects.
- Expand and enhance the 9-1-1 Communications Dispatch Center to better support the operational needs of the Police, Fire, and Transportation Departments and the Office of Emergency Services.
- Ensure fire station square footage is sufficient to house equipment and apparatus to meet emergency response readiness requirements. The station designs will also allow for future modifications.
- Reduce ongoing maintenance costs by standardizing construction materials and fixtures.
- Prioritize improvements to the Fire Training Center that support current training requirements, without major new investment in the Montgomery site.

RECOMMENDATIONS

1. Approve the following revisions to the 2005-2006 Proposed Capital Budget for the Neighborhood Security Bond Fund to reflect the changes in project scopes and funding requirements as discussed in this memorandum:

a. Decrease Beginning Fund Balance by:	\$20,811,000
b. Increase Sale of Bonds Revenue by:	\$36,000,000
c. Reduce the Fire Training Center project appropriation by:	\$12,095,000
d. Increase the 9-1-1 Communications Dispatch Center project appropriation by:	\$1,000,000
e. Increase Land Acquisition project appropriation by:	\$3,183,000
f. Reduce Fire Station 2 project appropriation by:*	\$2,402,000
g. Increase Fire Station 12 project appropriation by:	\$1,213,000
h. Increase Fire Station 17 project appropriation by:	\$2,012,000
i. Establish a Fire Station 19 project appropriation in the amount of:	\$102,000
j. Reduce Fire Station 21 project appropriation by:*	\$2,070,000
k. Reduce Fire Station 23 project appropriation by:	\$1,674,000
l. Increase Fire Station 25 project appropriation by:	\$2,773,000
m. Increase Fire Station 34 project appropriation by:	\$4,948,000
n. Increase Fire Station 35 project appropriation by:	\$2,260,000
o. Reduce Fire Station 36 project appropriation by:*	\$2,066,000
p. Reduce Fire Station 37 project appropriation by:*	\$22,000
q. Reduce South San José Police Substation project by:*	\$44,000,000
r. Increase Fire Station Upgrades appropriation by:	\$1,020,000
s. Increase in Ending Fund Balance by:	\$61,007,000

* These appropriations were reduced and rebudgeted as a result of changes in the construction schedules.

2. Approve the following revisions to the 2005-2006 Proposed Capital Budget for the Fire Construction and Conveyance Tax Fund to reflect changes in project scopes:

a. Increase the Beginning Fund Balance by:	\$870,000
b. Increase Fire Station 2 project appropriation by:	\$200,000
c. Establish a Fire Station 19 project appropriation in the amount of:	\$225,000
d. Increase Fire Station 21 project appropriation by:	\$250,000
e. Increase Fire Station 36 project appropriation by:	\$195,000

3. Approve revisions to the remaining years of the 2006-2010 Public Safety Capital Improvement Program as described below and included in the revised Source and Use Statement (See Attached Source and Use Statement).

BACKGROUND

Since the passage of Measure “O” by San José voters in March 2002, the first effort to optimize use of Bond funding was accomplished with Council approval of the 2004-2005 Capital Budget and 2005-2009 Capital Improvement Program. This included a modified program of fire station relocations and reconstruction to improve performance. The Adopted Capital Budget and Capital Improvement Program also included the temporary redeployment of engine companies to reduce operating and maintenance costs rather than deferring the construction of the fire stations.

The Fire Department recognized that the significant number of Bond-funded fire station construction projects justify reexamination of previous approaches to building fire facilities. When the original Bond plan was developed, existing fire stations were used as a model to establish cost estimates for the new and remodeled stations. Subsequent to the approval of this plan, the Fire Department worked to develop new recommended standards for the fire station construction. In the spring of 2004, RRM Design Group, an architectural firm with extensive experience in fire facilities design, was selected to design Fire Stations 34 and 35 and create fire facilities program guidelines to be used to standardize single-, two-, and two-company Battalion station designs. To accomplish this, RRM Design Group interviewed Department staff, reviewed earlier efforts by Public Works to create a program guideline, and reviewed the Department’s Master Plan presented to Council in 2001.

This fire station analysis has resulted in the recommendation to increase the size of the fire stations to meet all of the identified needs. With the revised fire station size requirements and cost escalation that has exceeded the cost estimates used in the original bond program, increases to the fire station budgets are recommended in this MBA. To offset this increase, funding from the Fire Training Center would be reallocated to the fire stations. Other revisions in this MBA include adjustments to the 9-1-1 Communications Dispatch Center project, a change that would relocate Fire Station 19 rather than Fire Station 23, the use of redeployed resources, and a couple of project deferrals to again reduce the substantial operating and maintenance costs associated with the new fire stations.

ANALYSIS

In light of earlier citizen surveys, which placed a high priority on the use of Bond proceeds to improve the response effectiveness of police officers and firefighters, the Fire Department has made fire station construction its highest priority. To accomplish this objective and others, the CSA is proposing the following strategy:

1. Reallocate funding from Fire Training Center budget to the 9-1-1 Communications Dispatch Center and the fire station budgets.
2. Remodel 9-1-1 Communications Dispatch Center to permit expansion of Police and Fire Department control room floor and co-location of Office of Emergency Services (OES) and Department of Transportation (DOT)-Transportation Incident Management Center (TiMC).
3. Implement modest improvements to existing Fire Training Center.
4. Reallocate Fire Station 23 funding to establish a new project, Fire Station 19, that would relocate Fire Station 19 rather than Fire Station 23.
5. Collect data on redeployed resources and minor project deferrals to reduce the substantial operating and maintenance costs associated with the new fire stations.

Each of these strategies is discussed in detail below.

9-1-1 Communications Dispatch Center

One of the original Bond Measure assumptions for the 9-1-1 Communications Center renovation project was that the Fire Department's Dispatch operations would relocate out of the existing Communications Building and co-locate with the Fire Department Training Center. Police Dispatch operations, OES, and the Emergency Operations Center (EOC) would remain housed in the existing building. The existing building does meet current building code requirements of an "essential facility." Emergency response operations must be housed in "essential facilities" to ensure that the City can stage response and recovery efforts after a seismic or other emergency event.

After completing a review of state-of-the-art emergency operations centers, staff concluded that co-location of Police and Fire Dispatch, EOC, and traffic incident management functions is considered a best practice approach to modern facility design. This co-location ensures that information from all first responders is communicated to the decision makers in a complete and holistic fashion. Furthermore, a countywide initiative to improve "interoperability" of dispatch and radio systems is creating an operational environment that would enable the City to use countywide communication center resources as a distributed "alternate" public safety answering point (PSAP). In light of this new information, staff revisited the original assumptions and now recommends that the Communication Building house a different configuration of units and operations. The recommended units and operations are:

- Police and Fire Dispatch and Communications Administration
- Office of Emergency Services and Emergency Operations Center
- Transportation Incident Management Center (TiMC)

This recommendation makes one significant change to the current configuration in that the DOT "Signal Central" would relocate from 4 North Second Street into the Communications Building. This change would allow for a stronger emphasis on incident management and would reduce lease costs. The TiMC includes the computers, servers, monitors and staff to manage traffic operations on local streets and roadways. In addition, it is anticipated that the California

Department of Transportation (Caltrans), Valley Transportation Authority (VTA) and the California Highway Patrol (CHP) will play a much stronger role in regional transportation and incident management from this center since the TiMC will be linked to local transit systems and the regional TiMC in Oakland. The TiMC would provide “real-time” traffic monitoring to enhance the intelligence capabilities of Police, Fire, OES and the EOC, as well as, other response agencies in the event of an emergency or large planned event in areas equipped with permanent or portable cameras and detection equipment. The 9-1-1 Communications Dispatch Center renovation project would also expand the EOC, including the Police and Fire Dispatch areas and the existing computer room. In addition, this project would reconfigure the staff uniform locker areas, renovate the kitchen facility and reconfigure administrative areas.

The original budget amount allocated in the Bond Measure for the renovation of the 9-1-1 Communications Dispatch project is \$1.9 million. Staff is recommending that this allocation be increased to \$2.9 million to accommodate both the Police and Fire components. To provide the additional funding, \$1 million from the Fire Training Center project that would have been used for the dispatch center at that site is proposed to be reallocated to the 9-1-1 Communications Dispatch Center project. The DOT will be responsible for funding the hard and soft costs associated with the relocation of the TiMC. The OES has Federal grant opportunities available for some non-construction costs. Staff is developing a work plan and will return to Council for approval of the plan in fall 2005.

Fire Station Construction

The outcome of the RRM Design Group programming process, referenced in the Background section of this MBA, was a set of three fire facilities program guidelines along with a fourth guideline to improve consistency between construction materials and the finishes of facilities. The Fire Facilities Program Guideline has identified and quantified design elements necessary to ensure:

- Station privacy
- Adequate equipment and supply storage
- Health and safety needs are met
- Adequate space for mechanical and electrical systems
- Standards for materials and finishes

Ultimately, the programming process will enhance the functionality, safety, and life expectancy of new fire facilities. Furthermore, standardization of station designs will improve the efficiency of design, construction management, and accountability processes by creating a standard to ensure proposed station designs will meet General Services Department and Fire Department needs. Prior to this programming effort, existing fire station designs (e.g., Fire Stations 27, 29, and 31) were used to estimate square footage requirements, which in turn were used to estimate fire station budget needs. The identification of space needs to address functional requirements, not found in previous stations designs, has resulted in an increase in fire station square footage requirements. Single-company fire stations are proposed to be increased 17 percent from 5,300

to 6,200 sq. ft., while the design of two-company fire stations increased by 18 percent from 9,300 to 11,000 sq. ft.

In addition to increases in fire station square footage requirements, increased structural requirements associated with two-story construction necessary to minimize site size requirements, and thus the cost of real estate, have increased the cost of station construction. Additionally, the cost of construction materials has escalated at a faster rate than anticipated. Finally, the costs of architectural design services, which are calculated as a percentage of the estimated construction costs, are also expected to increase. In total, these factors have increased the fire station funding requirements approximately 32 percent since the project budgets were approved during the 2002-2003 budget process, or \$873,000 for single company fire stations and \$2.0 million for two-company stations. To provide funding for these higher costs, \$15.6 million from the Fire Training Center project is proposed to be reallocated to the fire station projects. Budget actions are included in the MBA to reflect these increased costs and to allocate the funds based on the revised construction schedules for the stations.

Fire Station 19 Relocation

Fire Department staff continually evaluate response time data to ensure the most effective distribution of resources. As part of this process, staff reevaluated the existing relocation projects. Based on this evaluation, it has been determined that the relocation of Fire Station 19 would provide better overall coverage than the relocation of Fire Station 23. Budget actions are recommended in this MBA to reallocate the funds from the Fire Station 23 Relocation project to establish a new Fire Station 19 Relocation project. Fire Station 19 would be relocated further north in the vicinity of Piedmont and Sierra Avenues to improve coverage in the Northeast area of the City and eliminate Fire Station 19 first due district overlap with Fire Station 2. The Fire Department recommends that the relocation of Fire Station 23 be proposed at a later date when planned development occurs in North San José as part of the revised North San José Development Policy. It is further recommended that funding for the Fire Station 23 relocation be included as part of the public improvements necessary to implement the revised North San José Development Policy.

Fire Training Center

The current budget for the Fire Training Center is \$20.7 million and would substantially renovate the Fire Training Center at its current location. Actions are recommended in this MBA to reduce this project to \$4.1 million and reallocate the remaining funds to the fire station projects and the 9-1-1 Communications Dispatch Center renovation project. Given the limited bond funding available and the competing funding needs, it was determined that the completion of the fire stations and the 9-1-1 Communications Center are higher priorities. The remaining funds for the Fire Training Center project would address immediate facility needs. In addition, the planned construction of a driver training facility will reduce the current demand and competition for drill ground space at the existing training center site, permitting its use for other training activities.

Other changes in training strategies anticipated to extend the useful life of the current facility include the use of satellite training facilities, the first to be located behind new Fire Station 34.

However, while the existing site can serve the needs of the Department, the current site's size, location and underlying environmental issues create a need to continue efforts to identify a more suitable site in the future. More specifically, development associated with the Coyote Valley Specific Plan and/or increases in the number of personnel or changes in the Fire Department's mission will create greater impetus to relocate this facility to a larger property more South of its current location. In light of facility needs, the Department is proposing the following training facility improvements to optimize the facility's functionality:

- Repairing/replacing drill ground surfaces
- Improve classroom availability
- Improving electrical service at the facility
- Repairing/ replacing mechanical service at the facility
- Upgrading telecommunication systems
- Repairing/replacing facility roofs, plumbing and painted surfaces

The proposed Fire Training Center strategy will accomplish facility improvements listed in the Public Safety Bond and support current training requirements.

Proposed Adjustments to Facilities Construction/Remodel Schedules and Continuation of Redeployment Staffing Models

The Adopted 2004-2005 Operating and Capital Budgets included a redeployment staffing model that would re-deploy existing staff to the new stations on a temporary basis to reduce operating costs and allow fire stations to continue to be built without deferrals. As part of that plan, existing staff would be redeployed to the new stations on a temporary basis (until 2007-2008). As part of this MBA, additional temporary redeployments of existing fire companies are proposed to minimize the General Fund operating costs on a year-by-year basis for the next three years. The Department intends to collect data to determine the appropriateness of this strategy beginning with the first temporary redeployment of an existing fire company to the new Fire Station 33 (Communication Hill), scheduled for construction completion in the fall of 2006. In addition, the construction of Fire Stations 34 and 37 would be deferred by seven months and twelve months, respectively. These actions will reduce operating costs by approximately \$5.9 million over the next five years, as outlined in the following table:

General Fund Operating and Maintenance Costs for New Fire Stations**2006-2010 Proposed Operating Costs Included in the Proposed Capital Budget**

Project Title	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
Fire Station 33 Communications Hill	\$0	\$464,000	\$2,131,000	\$2,248,000	\$2,360,000
Fire Station 34 Berryessa	\$0	\$464,000	\$2,152,000	\$2,258,000	\$2,370,000
Fire Station 35 Cottle/ Poughkeepsie	\$0	\$65,000	\$1,662,000	\$2,236,000	\$2,370,000
Fire Station 37 Willow Glen	\$0	\$0	\$0	\$511,000	\$2,347,000
Total Projected Operating Costs	\$0	\$993,000	\$5,945,000	\$7,253,000	\$9,447,000

2006-2010 Proposed Operating Costs with Revised Schedule*

Project Title	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
Fire Station 33 Communications Hill	\$0	\$564,000	\$2,131,000	\$2,248,000	\$2,360,000
Fire Station 34 Berryessa	\$0	\$0	\$341,000	\$2,258,000	\$2,370,000
Fire Station 35 Cottle/ Poughkeepsie	\$0	\$0	\$480,000	\$2,236,000	\$2,370,000
Fire Station 37 Willow Glen	\$0	\$0	\$0	\$0	\$379,000
Total Projected Operating Costs	\$0	\$564,000	\$2,952,000	\$6,742,000	\$7,479,000

Operating Budget Savings with New Strategy	\$429,000	\$2,993,000	\$511,000	\$1,968,000
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* The net operating impact of temporarily redeploying existing companies will be re-evaluated after obtaining additional operating data.

The following list is the construction schedule for fire stations, the Fire Training Center and the 9-1-1 Communications Center projects. In addition to these changes, the Police Department Substation schedule has been revised to reflect land acquisition delays.

Proposed Facilities Schedule Adjustments

Projects	Initial Completion <u>Date</u>	2005-2009 Adopted Completion <u>Date*</u>	MBA Proposed Completion <u>Date</u>
<i>Fire Training Center</i> Improvements to existing site	10/06	09/07	09/07
<i>9-1-1 Communications Dispatch Center</i> Remodel of existing of center	2006	09/06	09/07
<i>Fire Station 2</i> Proposed construction of new Station in-lieu of remodel	N/A	03/08	05/08
<i>Fire Station 12</i> Relocation from Snell to Cahalan area	12/05	08/07	11/07
<i>Fire Station 17</i> Relocation from Ridgewood to Blossom Hill and Coniston Way	9/06	09/06	03/07
<i>Fire Station 19</i> Proposed relocation from Piedmont to Piedmont and Sierra area	TBD	N/A	TBD
<i>Fire Station 21</i> Proposed relocation from Mt. Pleasant to White Road area	12/07	12/07	12/07
<i>Fire Station 25</i>	07/06	07/06	08/07
<i>Fire Station 33 **</i> (Communications Hill)	07/04	07/06	07/06
<i>Fire Station 34</i> (Berryessa/Las Plumas)	06/05	09/06	04/07
<i>Fire Station 35</i> (Cottle/Poughkeepsie)	06/06	07/07	07/07
<i>Fire Station 36</i> Yerba Buena area - Proposed relocation of current Fire Station 24 on Aborn Road	12/06	07/08	07/08
<i>Fire Station 37</i> (Site TBD)	2007	5/09	05/10
<i>Police Substation</i>	06/07	04/08	05/09

* Project dates found in the 2005-2006 Proposed Budget do not reflect any changes from the 2004-2005 budget as directed by the Mayor's Office and approved by the City Council

** Note: Station 33 is a developer-funded station

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COST IMPLICATIONS

The funding reallocation strategy proposed in this MBA results in a net additional one-time cost of \$225,000 for Fire Station 19. This one time cost will be funded through the use of existing privacy funds (\$150,000) currently allocated in 2004-2005 for Fire Station 19 and the use of a portion (\$75,000) of the 2004-2005 funds earmarked for Fire Company Store Remodel project.

As in 2004-2005 Adopted Budget, the proceeds from the sale of Fire Station 19 (rather than Fire Station 23) that will be surplus when this program is implemented are proposed to fund a portion of the furniture, fixtures and equipment required for the fire stations. Since Station 19 is located adjacent to a park, the Department anticipates the surplus property value will be less than the projected amount of \$450,000 for a surplus fire station in a residentially zoned area. The Department is proposing the use of Fire Construction and Conveyance Tax funds to close any funding gap that may result from lower proceeds from the sale of this property.

As discussed above, the strategies proposed in this MBA will reduce operating and maintenance costs over the next several years. In addition, the relocation of the TiMC from 4 N. 2nd Street will reduce lease costs.

COORDINATION

This MBA has been coordinated with the Fire Department, Police Department, Office of Emergency Services, Department of Transportation, Department of Public Works and the City Manager's Office.

/s/
JEFFREY L. CLET
Fire Chief

/s/
ROBERT L. DAVIS
Chief of Police

/s/
KATY ALLEN
Director of Public Works

/s/
LARRY D. LISENBEE
Budget Director

Attachments:

(A) Revised Source and Use Statement